

Message Text

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USIA-06 IO-10 SAM-01 SAJ-01 NIC-01 EB-07 TRSE-00

COME-00 /077 W

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TO SECSTATE WASHDC 7312

INFO AMEMBASSY BERLIN

AMEMBASSY LONDON

AMEMBASSY PARIS

AMEMBASSY MOSCOW

USMISSION USBERLIN

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C O N F I D E N T I A L SECTION 01 OF 02 BONN 00808

E.O. 11652: GDS

TAGS: PGOV, PFOR, GW, GE, WB

SUBJECT: FRG-GDR NEGOTIATION PACKAGE

REF: A) USBER 56; B) USBER 33; C) BONN 18976, DEC 1974

SUMMARY: FRG HAS ANNOUNCED BONN'S READINESS TO OPEN NEGOTIATIONS WITH GDR AS EARLY AS END OF JANUARY ON DECEMBER PACKAGE OF PROPOSALS. A SPECIAL COMMITTEE UNDER LEADERSHIP OF INNER-GERMAN AFFAIRS MINISTER FRANKE HAS BEEN ESTABLISHED TO COORDINATE NEGOTIATIONS FOR BONN, AND FRG PERMANENT REPRESENTATION TO GDR CHIEF GAUS HAS BEEN DESIGNATED AS FRG NEGOTIATION LEADER. NEGOTIATING PACKAGE IS SEEN BY BONN AS MAJOR OPPORTUNITY IN INNER-GERMAN RELATIONS, BUT TONE OF SPOKESMAN'S STATEMENT IS RELATIVELY SOBER, WHICH IS CONSISTENT WITH INDICATIONS WE HAVE BEEN GETTING THAT AFTER INITIAL EUPHORIA BONN IS NOW BECOMING MORE AWARE OF DIFFICULTIES, INCLUDING HIGH

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COST OF PROJECTS, WHICH CAN BE EXPECTED. END SUMMARY.

1. FOLLOWING THE JAN 15 CABINET MEETING, A SPECIAL SESSION CHAIRED BY CHANCELLOR SCHMIDT AND ATTENDED BY MINISTERS GENSCHER, FRIDERICH, FRANKE, GESCHIEDLE, AND BY MAYOR SCHUETZ AND PERMANENT REPRESENTATION CHIEF GAUS WAS HELD TO CONFER ON PROPOSALS CONTAINED IN GDR NEGOTIATING PACKAGE PRESENTED TO FRG LAST DECEMBER. AFTER THE SESSION FRG SPOKESMAN BOELLING MET THE PRESS TO MAKE THE FOLLOWING ANNOUNCEMENTS: BONN WAS PREPARED TO BEGIN TALKS WITH GDR BY END OF JANUARY OR BEGINNING OF FEBRUARY; INNER-GERMAN AFFAIRS MINISTER FRANKE HAD BEEN DESIGNATED HEAD OF A SPECIAL COORDINATING COMMITTEE TO KEEP ON TOP OF TALKS WHILE PERM REP CHIEF GAUS WOULD ACTUALLY LEAD THE FRG NEGOTIATING TEAM. IN REMARKS TO THE PRESS ON THE UPCOMING NEGOTIATIONS, BOELLING SAID HE WISHED TO MAKE A "GENERAL, BUT VERY IMPORTANT OBSERVATION: SOME OF THE PACKAGE ITEMS CAN BE TAKEN CARE OF RELATIVELY QUICKLY WHILE OTHERS CERTAINLY WILL NEED SOME TIME, EVEN A LOT OF TIME, NOT ONLY BECAUSE THEY WILL COST A LOT OF MONEY, BUT ALSO SINCE A GREAT DEAL OF PLANNING TIME WILL BE REQUIRED. THE FEDERAL GOVERNMENT, MOREOVER, ASSUMES THAT IN THESE NEGOTIATIONS . . . A SERIES OF HURDLES WILL HAVE TO BE JUMPED." RESPONDING TO A QUESTION, BOELLING SAID THAT THE JAN 15 CABINET DELIBERATIONS HAD CONCENTRATED ON QUESTION OF COORDINATION AND GUIDANCE OF THE UPCOMING NEGOTIATIONS. HE ADDED THAT CHANCELLOR SCHMIDT ATTACHES IMPORTANCE TO RAPID REPORTING TO HIM ON THIS OVERALL MATTER BY MEANS OF THE COORDINATING COMMITTEE. CLOSING THIS PORTION OF THE PRESS CONFERENCE, BOELLING SAID THAT GAUS WOULD BE PURSUING THE NEGOTIATIONS WITH "GREAT REALISM.."

2. COMMENT: THE JAN 15 DISCUSSION UNDER SCHMIDT'S LEADERSHIP REGARDING THE UPCOMING NEGOTIATIONS WAS LIMITED BASICALLY TO ADMINISTRATIVE ASPECTS SINCE THE BUREAUCRACY HAS YET TO AGREE ON A RECOMMENDED RESPONSE TO THE GDR ON THE VARIOUS ITEMS IN THE PACKAGE AND ON THEIR RELATIVE PRIORITIES. IN JAN 15 BONN GROUP MEETING, FRG REP (KASTRUP) TOLD ALLIES THAT POSITION PAPER CONFIDENTIAL

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WHICH WAS TO HAVE BEEN PRODUCED BY JAN 13 BY THE INTER-MINISTERIAL WORKING GROUP FOR USE AS DECISION PAPER BY CHANCELLOR HAS NOT BEEN FINISHED, AND SCHEDULED JAN 13 MEETING HAD BEEN POSTPONED. A SENIOR INNER-GERMAN AFFAIRS MINISTRY OFFICIAL HAS ALSO CONFIRMED TO US THAT THE FRG BUREAUCRACY ONLY NOW IS REALLY GETTING INTO ITS WORK ON THE PACKAGE AND THAT THERE IS MUCH FUNDAMENTAL STUDY AND DEEP THINKING TO BE DONE BEFORE ANY DECISION

CAN BE TAKEN ON PRIORITIES. THIS OFFICIAL SAID THERE WAS NOW A CLEAR REALIZATION OF HOW LONG-TERM THE MATTER WAS AND THAT THINGS WERE NOW JUST STARTING. HE INDICATED HE THOUGHT TALKS COULD BEGIN AT TURN OF MONTH EVEN IN ABSENCE OF CLEAR FRG POSITIONS SINCE BONN WOULD NEED TO FEEL OUT GDR BEFORE MANY DECISIONS WOULD BE POSSIBLE. DECISION OF CHANCELLOR, AND PERSONAL WEIGHT HE PUT BEHIND IT, TO ESTABLISH COORDINATING COMMITTEE WITH FRANKE AS CHAIRMAN WAS OF BASIC IMPORTANCE. BECAUSE

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MINISTRIES THEMSELVES DEAL DIRECTLY WITH GDR REPS ON SPECIFIC MATTERS UNDER THEIR RESPECTIVE COMPETENCIES--A SYSTEM WHICH WILL BE CONTINUED FOR TALKS ON ELEMENTS OF PACKAGE--IT WAS CLEAR SCHMIDT NEEDED A MECHANISM TO MAINTAIN CONTROL. IT HAS BEEN CLEAR FOR SOME TIME THAT

STRINGENT RULES LAID DOWN TO THE MINISTRIES REGARDING PERMISSIBLE CONTACTS WITH GDR OFFICIALS WERE NOT SUFFICIENT. SENIOR OFFICIAL MENTIONED ABOVE TOLD US MINISTRY HAD HAD FOR SOME TIME, AT LEAST ON PAPER, COORDINATING FUNCTION FOR RELATIONS WITH GDR BUT OTHER MINISTRIES DID NOT TAKE THIS TOO SERIOUSLY AND SEEMED TO IGNORE IT AT WILL. NOW, WITH STRONG SIGNAL OF CHANCELLOR'S, THE SITUATION SHOULD BE DIFFERENT. FROM OTHER KNOWLEDGEABLE FRG OFFICIALS WE HAVE ALSO BEEN GETTING A MORE MODEST GENERAL APPRAISAL OF SITUATION: AFTER TRYING FOR YEARS TO BRING GDR AROUND, PACKAGE OF WHAT APPEAR TO BE CONFIDENTIAL

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REASONABLE PROPOSALS NOW LIES ON TABLE; HIGH COST OF BUNDLE (ABOUT 2.6 BILLION MARKS ACCORDING TO ESTIMATE STATED BY SENAT CHANCELLERY HEAD HERZ TO USBER--REFTEL A) AND KNOWLEDGE THAT DOMESTIC FRG FALLOUT WILL NOT BE ENTIRELY FAVORABLE, AMONG OTHER FACTORS, HAVE BROUGHT HOME REALIZATION THAT DEALING WITH GDR ON PACKAGE AND COMPLETION OF PROJECTS AGREED WILL BE STRUNG OUT OVER RELATIVELY LONG TIME FRAME. THE CHANCELLOR HIMSELF BEGAN PUBLICLY TO PREPARE THE WAY FOR THIS WHEN, DURING HIS INAUGURATION OF THE NEW ELBE TUNNEL IN HAMBURG LAST WEEK, HE SAID CONSTRUCTION OF A HAMBURG-BERLIN AUTOBAHN WAS A "LONG-TERM" MATTER. OTHER LIKELY PROBLEMS INCLUDE AGREEMENT ON CONTRACTING OF FRG FIRMS FOR CONSTRUCTION WORK WITHIN GDR ON NEW FACILITIES RESULTING FROM FRG-GDR NEGOTIATIONS, AND USE OF WEST GERMAN PERSONNEL IN GDR (HOWEVER MUNDANE, THIS IS THE KIND OF THING WHICH IS LIKELY TO FIGURE LARGE WITH THE GDR). RELUCTANCE OF TRANSPORT MINISTRY TO COMMIT LARGE SUMS FOR PROJECTS WITHIN GDR HAS BEEN REPORTED (REFTEL B), AND WE ARE BEGINNING TO HEAR THAT THERE IS CONCERN IN BONN THAT THERE COULD BE A BACKLASH FROM CITIZENS LIVING IN AREAS OF FRG WITHOUT FACILITIES (GOOD AUTOBAHNS, CANALS, ETC.) OVER CONSTRUCTION WITHIN GDR LARGELY AT WEST GERMAN EXPENSE. THERE IS ALSO THE VIEW BEING HEARD IN THE ECONOMICS MINISTRY THAT, SINCE HELMSTEDT-BERLIN AUTOBAHN NOT NOW BEING USED TO CAPACITY, NEW AUTOBAHN LINKING HAMBURG WITH BERLIN, THOUGH MORE DIRECT, NOT REALLY NECESSARY. AT SAME TIME, ONE SHOULD DEFINITELY NOT GET IMPRESSION THAT NEGOTIATING PACKAGE IS NOT CONSIDERED BY BONN TO BE OF FUNDAMENTAL IMPORTANCE AND A MAJOR OPPORTUNITY. INDEED, A SENIOR OFFICIAL NOT GIVEN TO HYPERBOLE HAS TOLD US OF THE "EXCITEMENT" WITHIN THE GOVERNMENT OVER THE PACKAGE. IT SIMPLY APPEARS THAT BONN HAS DECIDED A MORE REALISTIC PORTRAYAL TO THE PUBLIC WILL STAND THEM BETTER IN THE LONG RUN AND, WHILE PUTTING ON A MORE SOBER FACE, THE FRG WILL MOST LIKELY DO ALL POSSIBLE TO AVOID BEING

CHARACTERIZED AS HAVING ANY SECOND THOUGHTS WHATEVER
ABOUT A PACKAGE WHICH, AFTER ALL, RESULTED LARGELY FROM
AN EXCHANGE OF LETTERS BETWEEN CHANCELLOR SCHMIDT AND
PARTY CHAIRMAN HONECKER.

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